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FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC IMMEDIATE 0665
RUEHAH/AMEMBASSY ASHGABAT 2780
RUEHTA/AMEMBASSY ASTANA 0252
RUEHEK/AMEMBASSY BISHKEK 4309
RUEHLM/AMEMBASSY COLOMBO 1415
RUEHKA/AMEMBASSY DHAKA 2182
RUEHDBU/AMEMBASSY DUSHANBE
RUEHBUL/AMEMBASSY KABUL 7354
RUEHKT/AMEMBASSY KATHMANDU 8655
RUEHNE/AMEMBASSY NEW DELHI 1419
RUEHNT/AMEMBASSY TASHKENT 3525
RUEHWR/AMEMBASSY WARSAW 0265
RUEHAD/AMEMBASSY ABU DHABI 3439
RUEHPT/AMCONSUL PERTH 0004
RUEHKP/AMCONSUL KARACHI 6810
RUEHLH/AMCONSUL LAHORE 2954
RUEHPW/AMCONSUL PESHAWAR 1373
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RHMFIUU/DEPT OF JUSTICE WASHINGTON DC

UNCLAS ISLAMABAD 003217

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STATE FOR SCA/PB, EB/OMA DHAVILAND, EB/ESC LLAMBERT AND SCA/RA
MURENA
TREASURY FOR SSEGAL, PDERGARABEDIAN AND ASHARMA
COMMERCE FOR ANESA/OSA
JUSTICE FOR LSAMUEL
WARSAW FOR RSEAMAN
ABU DHABI FOR BMULLINAX

E.O. 12958: N/A
TAGS: [KTFN](#) [EFIN](#) [PTER](#) [ECON](#) [PREL](#) [PK](#)
SUBJECT: DEMARCHE ON AML BILL DELIVERED TO GOP

REF: STATE 95647

11. (SBU) Summary: On July 16 EconCouns delivered reftel demarche to Muhammad Javed Malik, Additional Secretary, Ministry of Finance and Nuzhrat Bashir, Joint Secretary for Banking, Ministry of Finance. EconCouns pointed out the extensive amount of time Pakistan has been working on passing Anti-Money Laundering (AML) legislation and the possible repercussions if the legislation is not passed in a timely manner. Malik assured her the AML bill would be passed out of the Standing Committee and on to the full National Assembly soon.

Subsequently, the bill was reported out of the sub-committee and back to the Standing Committee on July 17. Ministry of Finance expects "smooth sailing" through the National Assembly, although there is no legislative timetable. EconCouns also brought up the importance in signing and ratifying the U.N. Convention Against Terrorist Financing. Malik stated that Pakistan was 83 percent in compliance with the U.N. Convention. End Summary

12. (SBU) EconCouns met with Muhammad Javed Malik, Additional Secretary, Ministry of Finance and Nuzhrat Bashir, Joint Secretary

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for Banking, Ministry of Finance on July 16 to deliver reftel demarche, highlighting serious ramifications for Pakistan if an AML bill is not passed soon. Malik assured EconCouns passing this bill was a high priority of the GOP and that the sub-committee now reviewing the bill would be passing it to the Standing Committee before the end of the week. (Note: the sub-committee approved the bill and passed it to the Standing Committee on July 17. The Standing Committee should meet in the next few days to review the bill. End note). EconCouns also reminded Malik of the importance of Pakistan signing and ratifying the U.N. Convention Against Terrorist Financing. Malik replied that Pakistan is already 83

percent in compliance with the convention.

¶3. (SBU) Although Malik expressed concern that investment will decline because investors will be concerned that their transactions are being scrutinized, he recognizes that the consequences of not passing the legislation are worse. He explained that because the government party has the majority in the National Assembly, once the bill comes to a vote there, it will be passed. EconCouns also pointed out that the Asia-Pacific Group would be meeting in Perth July 23 and that it considered its recent visit to Pakistan less than satisfactory. We also reviewed possible consequences, should the GOP not pass AML quickly. Malik was aware of possible FATF actions, commenting that the GOP planned to send a robust delegation to Perth, including the Governor of the Central Bank. He fully understood that the GOP would be criticized in Perth.

¶4. (SBU) In an effort to widen our net and increase pressure on the GOP, we discreetly raised our concerns about Pakistan's slow enactment of the AML in Econ Counselor's courtesy calls on the IMF ResRep and Citibank. The IMF ResRep commented that enactment of AML was part of the 2004 IMF facility, and he was surprised that the legislation had not yet been enacted. He promised to approach the Ministry of Finance as well. Citibank expressed its concerns and offered to raise the issue through its channels. The Ambassador has also raised AML in her courtesy calls with the Minister of Commerce and the Finance Advisor to the Prime Minister.

Patterson